

# Volkswagen reaches \$14.7B emissions settlement

June 28 2016, by Tom Krisher And Sudhin Thanawala

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In this Feb. 14, 2013, file photo, the Volkswagen logo is seen on the grill of a Volkswagen on display in Pittsburgh. Volkswagen would repair or buy back polluting vehicles and pay each owner as much as \$10,000 under a \$14.7 billion deal the car maker has reached to settle lawsuits stemming from its emissions cheating scandal, a person briefed on the settlement talks said Monday, June 27, 2016. (AP Photo/Gene J. Puskar, File)

Volkswagen diesel owners can choose to either sell their car back to the

company or get a repair that could diminish the vehicle's performance under a settlement of claims tied to the German automaker's emissions-cheating scandal.

The settlement will cost VW \$14.7 billion, a person briefed on the settlement talks said Monday, but does not resolve all the legal issues stemming from its admission that nearly a half million vehicles with 2-liter diesel engines were programmed to turn on emissions controls during government lab tests and turn them off while on the road.

The figure represents the largest auto scandal settlement in U.S. history. The deal sets aside \$10 billion to repair or buy back roughly 475,000 polluting Volkswagen vehicles. Whether they choose to have VW buy back their vehicle or repair it, they will receive a payment of \$5,100 to \$10,000, the person said. The person asked not to be identified because the deal will not be filed in court until Tuesday, and a judge has ordered attorneys not to talk about it before then.

How VW would repair the vehicles to bring them into compliance with clean air laws has not yet been finalized, the person said.

Owners who choose to have VW buy back their cars would get the clean trade-in value from before the scandal became public on Sept. 18, 2015. The average value of a VW diesel has dropped 19 percent since just before the scandal began. In August of 2015, the average was \$13,196, and this May it was \$10,674, according to Kelley Blue Book.

Volkswagen will also offer to fix the cars for free, but any repair that improves the [pollution controls](#) will likely hurt the cars' acceleration and fuel economy. Volkswagen marketed the cars as both more fuel efficient and better performing than those with regular gasoline engines.

The settlement still requires a judge's approval before it can go into

effect. Owners can choose to decline Volkswagen's offer and sue the company on their own.

The settlement also includes \$2.7 billion for environmental mitigation and another \$2 billion for research on zero-emissions technology, the person said.

Don Marron, a banker from Allentown, Pennsylvania, who owns a 2012 Jetta SportWagen diesel, said he's glad Volkswagen is offering more compensation than earlier reports had suggested. But Marron wants assurance that if Volkswagen fixes his car but he doesn't like the way it performs, the company will still buy it back. And if he keeps his car and saves Volkswagen money, he wants compensation for doing that.

"At this moment, I don't know anything more than I did a couple of months ago," he said.

The scandal erupted in September when it was learned that the German automaker had fitted many of its cars with software to fool emissions tests and had put dirty vehicles on the road. Investigators determined that the cars emitted more than 40 times the legal limit of nitrogen oxide, which can cause respiratory problems in humans. Car owners and the U.S. Department of Justice sued.

VW is still facing billions more in fines and penalties, a lawsuit by state attorneys general and potential criminal charges.

The \$14.7 billion settlement also does not include another roughly 90,000 3-liter Volkswagen diesels, which had another version of cheating software.

VW in April took an \$18.2 billion charge to cover the cost of the global scandal, which includes a total of 11 million vehicles worldwide.

The company has admitted developing sophisticated software that determined when the cars were being tested by the EPA on a treadmill-like device called a dynamometer and turned on the pollution controls. Once all wheels began spinning and the steering wheel was turned, the controls were turned off.

The company, which knew the EPA's testing routine, got away with the scam for seven years before being caught by the International Council on Clean Transportation, which hired West Virginia University to test a VW in real roads conditions.

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Citation: Volkswagen reaches \$14.7B emissions settlement (2016, June 28) retrieved 19 April 2024 from <https://phys.org/news/2016-06-volkswagen-147b-emissions-settlement.html>

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